

CTI Logistics Limited

ACN 008 778 925

**NOTICE OF ANNUAL GENERAL MEETING,
EXPLANATORY STATEMENT and PROXY FORM**

**Annual General Meeting to be held at
The Backlot, 21 Simpson Street, West Perth, Western Australia
On Thursday 25 November 2021 at 5.00pm (WST)**

IMPORTANT NOTE

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

Contents

Item	Page
Notice of Annual General Meeting	2
Voting Prohibitions and Exclusions	3
Proxy Appointment, Voting and Meeting Instructions	3
Explanatory Statement	5
Glossary	7
Schedule 1 – Summary of new Constitution	8
Schedule 2 – Proposed Schedule 1 of New Constitution (Proportional Takeover Provisions)	9
Proxy Form	Attached

Important dates

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	5.00pm (WST) on Tuesday 23 November 2021
Snapshot date for eligibility to vote	5.00pm (WST) on Tuesday 23 November 2021
General Meeting	5.00pm (WST) on Thursday 25 November 2021

Defined terms

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of CTI Logistics Limited (ACN 008 778 925) (**CTI Logistics** or **Company**) will be held at **The Backlot, 21 Simpson Street, West Perth, Western Australia** at **5.00pm (WST) on Thursday 25 November 2021**.

The Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary as set out in the Explanatory Statement.

AGENDA

To consider, and if thought fit to pass, the resolutions set out below as an advisory resolution (in respect of Resolution 1), ordinary resolutions (in respect of Resolutions 2 to 6) and as special resolutions (in respect of Resolutions 7 to 8).

Financial Statements and Reports

To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2021, as contained in the Company's Annual Report.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit to pass, with or without amendment, the following resolution as a **non-binding advisory resolution**:

"That the Remuneration Report contained in the Directors' Report for the year ended 30 June 2021 be adopted by the Company."

Notes: In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Resolution 2: Election of Director – Owen Roy Venter

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 14.4, rule 3.3 of the Company's Constitution, and for all other purposes, Owen Roy Venter, a Director of the Company who retires in accordance with rule 3.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 3: Election of Director – Matthew David Watson

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 14.4, rule 3.3 of the Company's Constitution, and for all other purposes, Matthew David Watson, a Director of the Company who retires in accordance with rule 3.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 4: Election of Director – William Edward Moncrieff

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 14.4, rule 3.3 of the Company's Constitution, and for all other purposes, William Edward Moncrieff, a Director of the Company who retires in accordance with rule 3.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 5: Re-election of Director – Peter James Leonhardt

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 14.4, rule 3.6 of the Company's Constitution, Peter James Leonhardt, who retires by rotation in accordance with rule 3.6 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

Resolution 6: Increase in non-executive Directors' fee pool available for Directors of the Company

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"For the purposes of Listing Rule 10.17, rule 10.2 of the Company's Constitution and all other purposes, the total aggregate amount of directors' fees payable to all of the Company's non-executive Directors is increased by \$600,000 per annum, from the existing \$300,000 per annum, to a maximum sum not exceeding \$900,000 per annum."

Resolution 7: Adoption of new Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Company repeal its current Constitution and in its place adopt the New Constitution in the form tabled at the Meeting."

Note: Resolution 7 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution

Resolution 8: Approval of proportional takeover provisions in New Constitution

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

"That, subject to the approval of Resolution 8, with effect from the close of the Meeting, Schedule 1 of the proposed New Constitution, which sets out proposed proportional takeover provisions, be approved and adopted in the New Constitution in the form set out in Schedule 2 to the Explanatory Statement."

Note: Resolution 8 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution

By order of the Board



Owen Venter
Company Secretary
28 October 2021

Voting Prohibitions and Exclusions

Corporations Act voting prohibitions

Pursuant to sections 250BD and 250R(4) of the Corporations Act, the following are subject to restrictions on voting as set out in the table:

Resolution	Description	Exclusion
Resolution 1	Adoption of the Remuneration Report	A vote on the resolution must not be cast (in any capacity) by or on behalf of either of the following persons: (i) members of Key Management Personnel details of whose remuneration are included in the Remuneration Report; or (ii) a Closely Related Party of such a member.

In relation to Resolution 1, members of Key Management Personnel and their closely Related Parties (other than the Chairman) may not vote as proxy if the appointment does not specify how the proxy is to vote. The Chairman may vote as proxy in accordance with an express authorisation for the Chairman to exercise the proxy on the Proxy Form.

ASX voting exclusion statements

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or an Associate of those persons.

Resolution	Excluded Parties
Resolution 6	A Director of the Company.

However, this does not apply to a vote cast in favour of the above Resolutions by:

- the person as proxy or attorney for a person who is entitled to vote on a Resolution, in accordance with directions given to the proxy or attorney to vote on a Resolution in that way; or
- the Chairman of the meeting as proxy or attorney for a person who is entitled to vote on a Resolution, in accordance with a direction given to the Chairman to vote on a Resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary providing the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on a Resolution; and
 - the holder votes on a Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Proxy Appointment, Voting, and Meeting Instructions

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received as below by **5pm (WST) on Tuesday 23 November 2021**, being not later than 48 hours before the commencement of the Meeting. A Proxy Form received after that time will not be valid.

Proxy forms may be lodged in person or by post to the Company's registered office at 1 Drummond Place, West Perth, 6005 or by email to shareholder@ctilogistics.com

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

The Company encourages Shareholders to appoint the Chairman as your proxy. To do so, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairman, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company on +61 8 9422 1100.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or

number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Chairman voting undirected proxies

If the Chairman is your proxy, the Chairman will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairman to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairman intends to vote undirected proxies **FOR** each of the Resolutions. In exceptional cases the Chairman's intentions may subsequently change and in this event, the Company will make an announcement to the market.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5pm (WST) on Tuesday 23 November 2021**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders

Shareholders are also encouraged to submit questions in advance of the AGM to the Company. Questions must be submitted in writing by **5pm (WST) on Tuesday 23 November 2021** in person or by post to the Company's registered office at 1 Drummond Place, West Perth, 6005 or by email to shareholder@ctilogistics.com

The board of Directors will endeavour to prepare answers to these questions, where necessary they will be moderated and curated to cover common ground.

The Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

KPMG, as the Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2021 (or its representative), will attend the Meeting. The Chairman will allow a reasonable opportunity for the Shareholders as a whole to ask the Auditor questions at the Meeting about:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

As required under section 250PA of the Corporations Act, at the Meeting, the Company will make available those questions directed to the Auditor received in writing at least five Business Days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the Annual Financial Report for the year ended 30 June 2021. The Chairman will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Annual Report

The Company advises that a copy of its Annual Report for the year ended 30 June 2021, is available to download at the website address, <https://www.ctilogistics.com/corporate-announcements-and-releases/>.

When you access the Company's Annual Report online, you can view it and print a copy.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact the Company Secretary at secretary@ctilogistics.com. We will be pleased to mail you a copy.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. Financial Statements and Reports

Shareholders are to receive and consider the Financial Statements, Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2021.

Shareholders will be given the opportunity to ask questions of the Board and the Auditors in relation to the Annual Report for the financial year ended 30 June 2021 at the Meeting.

2. Resolution 1: Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' Report in the Company's 2021 Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R (3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

At the Company's previous Annual General Meeting the votes against the Remuneration Report was less than 25% of the votes cast on the Resolution. As such, Shareholders do not need to consider a spill resolution at the Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy. The Chairman will use any such proxies to vote in favour of Resolution 1.

The Company encourages all Shareholders to cast their votes on Resolution 1.

3. Resolutions 2 – 5: Election and Re-election of Directors

Resolutions 2 to 4 seeks Shareholder approval for the election of Owen Venter, Matthew Watson and Will Moncrieff as Directors of the Company. Owen Venter and Matthew Watson were appointed as Executive Directors, and Will Moncrieff was appointed as a Non-Executive Director, by the Board on 2 September 2021. In accordance with Listing Rule 14.4 and rule 3.3 of the Company's Constitution they are required to retire at the Annual General Meeting. Being eligible, they offer themselves for election as Directors.

Resolution 5 seeks Shareholder approval for election of Peter Leonhardt as a Director. In accordance with rule 3.6 of the Constitution, at every annual general meeting of the Company one third of the Directors for the time being must retire from office and are eligible for re-election. Peter Leonhardt is required to retire by rotation, and being eligible, offers himself for re-election as a Director.

The Company encourages all Shareholders to cast their votes on Resolutions 2 – 5.

4. Resolution 6:

The approval of shareholders is sought under Listing Rule 10.17 and rule 10.2 of the Company's Constitution so that the total aggregate amount of directors' fees payable to all of CTI's non-executive Directors for their services is increased by \$600,000 per annum, from the existing \$300,000 per annum to a maximum sum not exceeding \$900,000 per annum.

It is NOT intended to use the maximum amount immediately. However, with an increasing governance focus on the importance of board renewal, diversity and a broad skill set, the Board proposes the increase to allow it to expand and renew the board by attracting candidates of the highest calibre. An increase will provide the Board with the ability over time to increase directors' fees in line with market conditions and if appropriate to attract high quality directors to replace or expand its membership as part of the Board's programme of renewal.

Shareholders should note the following in relation to this resolution.

- ASX Listing Rule 10.17 provides that an ASX-listed company must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary shares.
- The current total aggregate amount of directors' fees payable to all of the Company non-executive Directors was set at \$300,000 per annum on 26 November 2009 and has not increased since that time.
- The Company currently has 2 non-executive Directors to whom it pays directors' fees, and 5 executive Directors (who are not paid Directors' fees but are remunerated as employees of the Company).
- The growth of the CTI's business over time has increased the time required by Board members and skills needed to lead the Company.
- An increase in this fund will provide the Company with the scope to appoint additional non-executive Directors to enhance the breadth of experience and skills on the Board.
- In response to the increasing importance of maintaining a high standard of corporate governance oversight, and the importance placed on independent representation on the Board, the number of non-executive Directors may further increase in the future.
- CTI discloses the annual fees paid to non-executive Directors in its annual remuneration report.

In the last 3 years, no Shares or other securities have been issued to non-executive directors requiring shareholder approval of the issue under Listing Rule 10.11 or Listing Rule 10.14.

If Resolution 6 is passed, the Company will have greater capacity to pay an increased amount of fees to non-executive Directors. If Resolution 6 is not passed, the Company's capacity to pay fees in the future to non-executive directors may be constrained if the number of non-executive directors increases. This may impact on the Company's ability to attract and retain non-executive directors in the future.

The Chair of the Meeting intends to vote undirected proxies in favour of Resolution 6.

5. Resolution 7: Adoption of a New Constitution

5.1 Background

The Company's current Constitution was adopted at the AGM on 29 November 2001. Since that time, there have been a number of changes to provisions of both the Corporations Act and the Listing Rules that affect matters set out in the Constitution. Given the number of changes that would need to be made throughout the current Constitution, the Directors consider that it is more appropriate to adopt the New Constitution.

The New Constitution reflects a standard listed public company constitution and has updated definitions used to reflect current terminology in the Corporations Act, Listing Rules, and ASX Settlement Operating Rules. A summary of the material terms of the New Constitution is set out in Schedule 1.

It is not practicable to list all of the differences between the current Constitution and the New Constitution in this Notice. However, of particular note is that the New Constitution:

- (a) reflects changes to the Listing Rules regarding restricted securities, namely a two-tiered escrow regime whereby ASX will:
 - (i) still require formal restriction agreements to be executed by certain more significant holders and their controllers, such as related parties, promoters, substantial holders, service providers and their Associates; and
 - (ii) permit entities to rely on provisions in their constitutions to impose escrow restrictions on less significant holders of restricted securities and to give a pro forma notice to those holders advising them of those restrictions;
- (b) will permit dividends to be paid at the discretion of the Directors and pursuant to the "assets test" set out in section 254T of the Corporations Act rather than solely out of profits as is the case pursuant to the current Constitution, and will not require final dividends to be both recommended by the Directors and approved by Shareholders in general meeting; and
- (c) will, subject to the passage of Resolution 8, contain proportional takeover provisions as discussed in section 6 below.

Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, a copy of the New Constitution is available for review by Shareholders at the office of the Company and on the Company's website, www.ctilogistics.com. A copy of the New Constitution will also be tabled and available for inspection at the Meeting and a copy will be sent to those Shareholders that request a copy prior to the Meeting free of charge.

Adoption of the New Constitution will provide consistency between the Company's Constitution, the Corporations Act, and Listing Rules.

5.2 Legal requirements

Section 136 (2) of the Corporations Act provide that a company may modify its constitution by a special resolution of its shareholders.

A special resolution is defined in section 9 of the Corporations Act as a resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

5.3 Summary of material terms of New Constitution

A summary of the material terms of the New Constitution is set out in Schedule 1.

5.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

6. Resolution 8: Approval of proportional takeover provisions in New Constitution

6.1 Background

As a part of the proposal to adopt the New Constitution pursuant to Resolution 8, it is intended to insert into the New Constitution the proposed Schedule 1 (as set out in Schedule 2 to this Explanatory Statement), which contains proportional takeover provisions.

In accordance with the requirements of section 648G(5) of the Corporations Act, the Company provides the information set out below.

6.2 What is a proportional takeover bid?

A proportional takeover bid is a takeover offer sent to all Shareholders in a particular class but only in respect of a proportion of each Shareholder's Shares. If a Shareholder accepts an offer under a proportional takeover bid, the Shareholder disposes of the specified proportion of their Shares and retains the balance.

6.3 Effect of the provisions to be adopted

The provisions require the Directors to refuse to register any transfer of Shares made in acceptance of a proportional takeover offer until Shareholder approval has been obtained at a meeting of Shareholders held in accordance with the Constitution.

The meeting must be held at least 14 days before the day the offer under the proportional takeover bid closes.

A resolution for approval of a proportional takeover bid will be taken to have been passed if a majority of Shares voted at the meeting, excluding any Shares held by the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure that an approving resolution is voted upon. However, if no resolution is voted on before the end of the 14th day before the close of the offer, the resolution will be deemed to have been passed.

Where the resolution approving the offer is passed, transfers of Shares resulting from acceptance of the offer will be registered provided they otherwise comply with the Corporations Act and other provisions of the Constitution.

If the resolution is not passed then in accordance with the Corporations Act, the offer will be deemed to be withdrawn and transfers that would have resulted from acceptance of the bid will not be registered.

The proportional takeover bid provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed but only by special resolution.

6.4 Reasons for adopting the provisions

Without Schedule 1 in the New Constitution, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. If the provisions are not adopted, Shareholders could be at risk of passing control to a bidder without payment of an adequate control premium for all of their Shares whilst leaving themselves as part of a minority interest in the Company.

The proportional takeover provisions protect Shareholders by providing that if a proportional takeover bid is made, Shareholders must vote on whether it should proceed.

The benefit of the provisions is that they enable Shareholders to decide whether the proportional offer is acceptable in principle and appropriately priced.

6.5 Potential advantages and disadvantages for Directors and Shareholders

The potential advantages of including proportional takeover provisions in the Constitution are that such provisions may:

- (a) enhance the bargaining power of Directors in connection with any potential sale of the Company;
- (b) improve corporate management by eliminating the possible threat of a hostile takeover through longer term planning;
- (c) make it easier for Directors to discharge their fiduciary and statutory duties to the Company and its Shareholders to advise and guide in the event of a proportional bid occurring; and
- (d) strengthen the position of Shareholders of the Company in the event of a takeover, assuming the takeover will result in a sharing of wealth between the bidder and Shareholders, as the more cohesive Shareholders are in determining their response the stronger they are. A requirement for approval can force Shareholders to act in a more cohesive manner. Where Shareholders know that a bid will only be successful if a specified majority of Shareholders accept the offer, they have less to fear by not tendering to any offer which they think is too low.

The potential disadvantages of including proportional takeover provisions in the Constitution include the following matters:

- (a) a vote on approval of a specific bid suffers from a bias in favour of the incumbent Board;
- (b) the provisions are inconsistent with the principle that a share in a public company should be transferable without the consent of other shareholders; and
- (c) a Shareholder may lack a sufficient financial interest in the Company to have an incentive to determine whether a proposal is appropriate.

6.6 No knowledge of present acquisition proposals

As at the date on which this Explanatory Statement is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

6.7 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

A\$ or \$	Australian dollars.
Annual General Meeting or Meeting	The annual general meeting of Shareholders, or any resumption thereof, convened by this Notice.
Annual Report	The annual report of the Company for the financial year ended 30 June 2021, including the annual financial report, the Directors' report and the Auditor's report.
Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
Auditor	The auditor of the Company, being KPMG Australia at the date of this Notice.
Board	The board of Directors of the Company.
Chairman	The Chairman of the Annual General Meeting and the Company.
Closely Related Party	Has same meaning given to that term in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).
Company or CTI Logistics	CTI Logistics Limited (ACN 008 778 925).
Company Secretary	The company secretary of the Company at the time of the Meeting.
Constitution	The Constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Equity Security	Has the meaning given to that term in the Listing Rules.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
Glossary	This glossary of terms.
Key Management Personnel	Has the meaning given in section 9 of the Corporations Act.
Listing Rules	The listing rules of ASX, as amended from time to time.
New Constitution	The Company's proposed new constitution, being the subject of Resolution 7.
Notice or Notice of Meeting	The notice of Annual General Meeting which accompanies this Explanatory Statement.
Proxy Form	The proxy form accompanying this Notice of Meeting.
Related Party	Has the meaning given to that term in the Listing Rules.
Remuneration Report	The remuneration report of the Company for the financial year ended 30 June 2021, appearing in the Annual Report.
Resolution	A resolution set out in the Notice.
Shareholder	The holder of a Share.
Shares	Shares in the Company.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

SCHEDULE 1 – Summary of New Constitution

Set out below is a summary of the key terms of the proposed New Constitution of the Company, for which Shareholder approval is sought pursuant to Resolution 7. This summary is not intended to be exhaustive and does not constitute a definitive statement of all the rights, liabilities and obligations set out in the New Constitution.

Issue of Shares

The issue of Shares and Options by the Company is under the control of the Directors, who may on any terms, at any time and for any consideration, allot and issue shares in the Company (including preference shares) and grant Options over unissued Shares.

Transfer of Shares

A Shareholder may transfer one or more Shares it holds by a proper ASX Settlement transfer or an instrument of transfer in compliance with the New Constitution. A Shareholder may also transfer Shares by any other method permitted by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules (together, the **Applicable Law**).

Except as permitted by the Listing Rules, a Shareholder must not dispose of restricted securities during the escrow period for these securities.

Subject to the ASX Settlement Operating Rules, a person transferring a Share remains the registered holder of that Share until the transfer for that Share is registered and the name of the transferee is entered in the register of Shareholders as the holder of that Share.

The Company must not fail or refuse to register a transfer of a Share except where permitted or required under the Applicable Law or under other limited circumstances as set out in the Constitution. The Company must not charge any fee for registering a transfer of Shares except as permitted by the Applicable Law.

The Company must issue to each Shareholder, in accordance with the Applicable Law, one certificate in respect of each class of Shares registered in the Shareholder's name.

However, the Directors may resolve that the Company will not issue certificates for Shares, or will cancel existing certificates for Shares without issuing a replacement certificate.

Reduction of capital and buy backs

The Company may reduce its share capital and buy back Shares on any terms and at any time.

Disposal of less than a marketable parcel

The Company may sell the Shares of a Shareholder if the Shareholder holds less than a marketable parcel of a particular class of Shares within the meaning of the Listing Rules (being a parcel of Shares with a market value of less than \$500). To invoke this procedure, the Directors must first give written notice to the relevant Shareholder, who may then elect not to have his or her Shares sold by notifying the Directors.

Variation of class rights

Class rights attaching to a particular class of Shares may be varied or cancelled by a special resolution of the Company and either the written consent of holders of at least 75% of the Shares in that class or a special resolution passed at a meeting of the holders of the Shares in that class.

Preference Shares

The Corporations Act requires that certain rights of preference Shares must be set out in the Constitution of the Company or approved in general meeting by special resolution before preference Shares are issued.

The Constitution permits the Company to issue preference Shares including preference Shares that are redeemable in a manner permitted by the Corporations Act and preference Shares in accordance with particular terms set out in the Constitution.

The holder of a preference Share has the same rights as the holder of an ordinary Share in relation to receiving notices, reports and audited accounts and attending meetings of Shareholders, but has restricted voting rights.

Liens

If the Company issues partly paid Shares and a call made on those Shares is unpaid, the Company will have a lien over those Shares. The Company may enforce the lien by selling those Shares.

Forfeiture of Shares

The Company may forfeit and sell a Share of a Shareholder by a resolution of Directors if that Shareholder has failed to pay a call or instalment on that Share. The Directors must provide the Shareholder with written notice of the forfeiture.

Meeting of Shareholders

Directors may call a meeting of Shareholders whenever they think fit (and one Director may do so, subject to the provisions of the Corporations Act). Shareholders may call a meeting as provided by the Corporations Act. The Constitution contains provisions prescribing the content requirements of notices of meetings of Shareholders and all Shareholders are entitled to a notice of meeting. Consistent with the Corporations Act, a meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is two eligible voters.

Voting of Shareholders

Resolutions of Shareholders are passed by simple majority and will be decided by a show of hands unless a poll is required or demanded. On a show of hands each eligible voter present has one vote. On a poll, each eligible Shareholder has one vote for each fully-paid Share held and a fraction of a vote for each partly paid Share determined by the amount paid up on that Share.

Proxies

An eligible Shareholder may appoint a proxy to attend and vote at the meeting on that Shareholder's behalf. The Constitution contains provisions specifying the form and manner of lodgement of proxy instruments. A Shareholder which is a corporation may appoint an individual to act as its representative.

Directors

The minimum number of Directors is 3 and the maximum is 10, unless the maximum is changed by the Company in general meeting. The existing Directors and the Company in general meeting may appoint a new Director to fill a casual vacancy. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as a Director). No Director other than the managing director may hold office later than the third annual general meeting after his or her appointment or election without submitting himself or herself for re-election.

For a person to be eligible for election as a Director, a nomination for the office of Director and the written consent of the proposed Director must be received by the Company in a stipulated period prior to the meeting.

Powers of Directors

The business of the Company is to be managed by or under the direction of the Directors.

Remuneration of Directors

The total fees payable to non-executive Directors must not exceed the aggregate fixed sum determined by Shareholders in general meeting and must not be calculated as a commission on, or percentage of, profits or operating revenue.

The Directors must be paid all reasonable travelling and other expenses properly incurred in performance of their duties. The Constitution allows for retirement benefits to be paid to Directors.

The remuneration of executive Directors must not be calculated as a commission on, or percentage of, operating revenue.

Indemnity and insurance

The Company, to the extent permitted by law, must indemnify each person who is or has been a Director or a Company Secretary of the Company against liabilities incurred by that person whilst acting in that capacity and against costs and expenses incurred by that person in defending an action for a liability that may be incurred by that person whilst acting in that capacity.

To the extent permitted by the law, the Company may also pay the premium in respect of any insurance policy for any person who is or has been a Director or a Company Secretary of the Company against liabilities incurred by that person whilst acting in that capacity.

Execution of documents

In accordance with the Corporations Act, the execution of documents by the Company without the use of the Company's seal is permitted.

Dividends

Dividends need not be paid out of profits, but may only be paid where the Company's assets exceed its liabilities by at least the amount of the dividend to be paid, where it is fair and reasonable to the Shareholders as a whole and where the payment of the dividend would not materially prejudice the Company's ability to pay its creditors.

The Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to Shares (such as preference Shares), dividends will be paid proportionately to the amounts paid up on the Shares. The Company is not required to pay any interest on dividends.

Winding up

If the Company is wound up, any surplus assets and profits of the Company must be divided amongst the Shareholders in proportion to the amount credited as paid up on the Shares held by them, subject to any rights attaching to Shares which may in the future be issued with special or preferred rights.

SCHEDULE 2 – Proposed Schedule 1 of New Constitution (Proportional Takeover Provisions)

1. Application

- (a) This Schedule 1 will only apply to and form part of the Constitution if Shareholder approval of the proportional takeover provisions set out therein has been obtained in accordance with section 648G of the Corporations Act.
- (b) For the avoidance of doubt, if Shareholder approval has not been obtained as required under item 1(a) of this Schedule 1, this Schedule 1 will have no force or effect until such approval is obtained.

2. Definitions

In this Schedule:

Approving Resolution means a resolution to approve a proportional takeover bid in accordance with this Schedule.

Deadline means the 14th day before the last day of the bid period for a proportional takeover bid.

Voter means a person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

3. Refusal of Transfers

3.1 Requirement for an Approving Resolution

- (a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this Schedule 1.
- (b) This Schedule 1 ceases to apply on the 3rd anniversary of its last adoption, or last renewal, in accordance with the Corporations Act.

3.2 Voting on an Approving Resolution

- (a) Where offers are made under a proportional takeover bid, the Directors must, call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline.
- (b) The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under paragraph 3.2(a).
- (c) Subject to this Constitution, every Voter present at the meeting held under paragraph 3.2(a) is entitled to one vote for each Share in the bid class securities that the Voter holds.
- (d) To be effective, an Approving Resolution must be passed before the Deadline.
- (e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Schedule, to have been passed in accordance with this Schedule.

PROXY FORM

CTI LOGISTICS LIMITED ABN 69 008 778 925

Registered Office: 1 Drummond Place
West Perth, Western Australia 6005
Email: communications@ctilogistics.com

The Secretary
CTI Logistics Limited
PO Box 400
WEST PERTH WA 6872

For your vote or proxy appointment to be effective it must be received by 5.00pm (WST) on Tuesday, 23 November 2021.

I/We

of.....

being a member/members of CTI Logistics Limited

hereby appoint.....

or failing him/her, the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at The Backlot, 21 Simpson Street, West Perth, Western Australia on Thursday, 25 November 2021 at 5:00 pm (WST) and at any adjournment thereof.

If two Proxies are being appointed the proportion of my/our voting rights that each Proxy is appointed to represent is as set out above.

If you wish to direct your Proxy how to vote in respect of the proposed resolution, you should tick the appropriate box below. Otherwise your Proxy may vote as he/she thinks fit **(subject to the provisions of the Notice of Meeting and the voting restrictions contained therein and to the extent permitted by law)** or abstain from voting.

The Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our Proxy (or the Chairman becomes my/our Proxy by default), I/we expressly authorise the Chairman to exercise my/our Proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman.

The Chairman of the Meeting intends to vote all undirected proxies in favour of all resolutions (including remuneration related matters): If the Chairman of the Meeting is (or becomes) your Proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box below. In exceptional circumstances, the Chairman may change his or her voting intention on any resolution, in which case an ASX announcement will be made.

ORDINARY RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1. To adopt the Remuneration Report	☐	☐	☐
2. To elect Mr Owen Roy Venter as a director of the Company	☐	☐	☐
3. To elect Mr Matthew David Watson as a director of the Company	☐	☐	☐
4. To elect Mr William Edward Moncrieff as a director of the Company	☐	☐	☐
5. To re-elect Mr Peter James Leonhardt as a director of the Company	☐	☐	☐
6. To increase non-executive Directors' fee pool available for Directors of the Company	☐	☐	☐
7. To adopt a New Constitution	☐	☐	☐
8. To approve proportional takeover provisions in New Constitution	☐	☐	☐

Signed this day of

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director